

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
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E.O. 11652: N/A
TAGS: ELTN, BDIS, EINV, IR
SUBJ: FUTURE OF GM IN IRAN

REF: TEHRAN 4080

1. MR. G.Y. GENN, RECENTLY-ASSIGNED GENERAL MOTORS (U.S)
REP IN IRAN, INFORMED EMBOFF THAT GM IS AWAITING MINISTRY OF
INDUSTRIES AND MINES APPROVAL OF PROPOSAL SUBMITTED TO SHAH IN
WAKE OF ESTES VISIT IN LATE APRIL. GENN REPORTED THAT SHARIF
EMAMI, REPRESENTING PAHLAVI FOUNDATION, HAS ALREADY INDICATED
HIS APPROVAL AND HE EXPECTS NO REAL PROBLEM RE EXPANSION PLANS.

2. PROGRAM CALLS FOR OUTLAY OF SOME DOLLARS 192 MILLION--
ALL LOCAL FINANCING--BETWEEN NOW AND 1981 FOR EXPANDED
PRODUCTION FACILITIES. LITTLE OF THIS WOULD INVOLVE SIGNIFI-
CANT INCREASE IN LOCAL CONTENT. SECOND PHASE, ESTIMATED IN
BALL-PARK TERMS AT DOLLARS 2 BILLION, WOULD COVER PERIOD
1982-90 AND COULD INVOLVE SUBSTANTIAL LOCAL MANUFACTURE.
LATTER HINGES UPON REACHING A VOLUME OF 150 THOUSAND TO
300 THOUSAND UNITS PER YEAR, DEPENDING UPON THE PART
IN QUESTION.

3. GENN REPORTED RELATIONS WITH GM IRAN ARE COOPERATIVE AND
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FRIENDLY WITH LATTER OFFERING GM (U.S.) THREE OF THE SEVEN
BOARD SEATS PLUS MANAGING DIRECTORSHIP. GM (U.S.) WILLING
TO ACCEPT THREE SEATS BUT WISHES TO DECLINE MANAGING DIREC-
TORSHIP AS BEING POTENTIAL SCAPEGOAT POSITION AND WISHES TREASURER
POSITION PLUS VETO POWER ON ALL OR NEARLY ALL DECISIONS OF
BOARD OF DIRECTORS, CITING NUMEROUS PRECEDENTS HERE IN IRAN.
SHARIF EMANI SO FAR HAS DECLINED TO ACCEDE TO SUCH AN

ARRANGEMENT.

4. GENN REPORTED THAT GM SEES THE PROFIT OUTLOOK AS BRIGHT
(THE LOCAL OPERATION NOW IS IN THE BLACK) AND HAS NO INTEN-
TION OF PULLING OUT BECAUSE OF ANY LEGALISTIC DISPUTE.
NAAS

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NNN

Message Attributes

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